

Russia's compliance with Opec+ deal slips as Druzhba crisis ends



Russia's average daily oil output in August exceeded its Opec+ cap for the first time since April as the impact of the Druzhba contamination crisis faded. The country pumped 47.8mn tonnes of crude and condensate last month, according to preliminary data from the Energy Ministry's CDU-TEK unit. That implies a daily average of 11.294mn barrels – based on the standard 7.33 barrels-per-tonne conversion ratio – and is 104,000 barrels a day above its Opec+ target, Bloomberg calculations show. Russia's compliance with pledged production cuts has retreated just weeks before Opec+ ministers meet in Abu Dhabi to discuss the implementation of their accord to curb output. The Organisation of Petroleum Exporting Countries and its allies agreed in July to extend their pact into 2020. Under the deal, Russia committed to cut output by 228,000 barrels a day from October levels. The nation reduced oil production more steeply than required in the three months through July, after the discovery of contaminated crude in the Druzhba pipeline forced parts of the link to shut down. Energy Minister Alexander Novak signaled last week that August

compliance would be lower, given the deep cuts made previously, Interfax reported. Opec and its partners, a 24-nation coalition known as Opec+, agreed to reduce output by 1.2mn barrels a day at the beginning of 2019 as a faltering global economy and booming US shale-oil production threatened to leave world markets with a glut.